

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
December 31, 2005**

PROPERTY AND CASUALTY

2005



11837200520100100

ANNUAL STATEMENT
For the Year Ended December 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
The Castle Hill Insurance Company

NAIC Group Code	3490	3490	NAIC Company Code	11837	Employer's ID Number	20-0317088
	(Current Period)	(Prior Period)				
Organized under the Laws of	Rhode Island		, State of Domicile or Port of Entry Rhode Island			
Country of Domicile	US					
Incorporated/Organized:	October 17, 2003			Commenced Business: October 17, 2003		
Statutory Home Office:	One Beacon Centre Warwick, RI 02886-1378					
Main Administrative Office:	One Beacon Centre Warwick, RI 02886-1378 401-825-2667					
Mail Address:	One Beacon Centre Warwick, RI 02886-1378					
Primary Location of Books and Records:	One Beacon Centre Warwick, RI 02886-1378 401-825-2667					
Internet Website Address:	N/A					
Statutory Statement Contact:	Ann Lazzareschi				401-825-2621	
	alazzareschi@beaconmutual.com				401-825-2659	
	(E-Mail Address)				(Fax Number)	
Policyowner Relations Contact:	David R. Clark One Beacon Centre Warwick, RI 02886-1378 401-825-2785					

OFFICERS

	Name	Title
1.	Joseph Arthur Solomon	President & CEO
2.	Clifford Leo Parent, Jr.	Secretary
3.	Cynthia Lee Lawlor	Treasurer

Vice-Presidents

Name	Title	Name	Title

DIRECTORS OR TRUSTEES

Joseph Arthur Solomon	Cynthia Lee Lawlor	Jeffrey Carleton Johnson	Paul William Redman
David Randolph Clark	Clifford Leo Parent, Jr.	Michael Dennis Lynch	Sheldon Sumner Sollosy
Henry NMI Boeniger	George Henry Nee	Carl Irving Hayes, Jr.	

State of Rhode Island
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Joseph Arthur Solomon	Clifford Leo Parent, Jr.	Cynthia Lee Lawlor
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President (President & CEO)	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of , 2006

a. Is this an original filing? YES [X] NO []
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	20,726,954		20,726,954	20,294,983
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 1,943 , Schedule E-Part 1), cash equivalents (\$ 0				
Schedule E-Part 2) and short-term investments (\$ 99,733 , Schedule DA)	101,677		101,677	245,027
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	20,828,631		20,828,631	20,540,010
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	218,585		218,585	209,564
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				48,755
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	21,047,216		21,047,216	20,798,329
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	21,047,216		21,047,216	20,798,329

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 34, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	31,492	27,301
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ (4,277) on realized capital gains (losses))	49,751	
7.2 Net deferred tax liability	11,117	7,642
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	163,174	434,391
20. Payable for securities		
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	255,534	469,334
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	255,534	469,334
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock	15,000,000	15,000,000
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus		
33. Unassigned funds (surplus)	791,682	328,995
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	20,791,682	20,328,995
36. TOTALS (Page 2, Line 26, Col. 3)	21,047,216	20,798,329

DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME		
	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)		
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	53,636	191,811
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	53,636	191,811
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(53,636)	(191,811)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	678,811	550,539
10. Net realized capital gains (losses) less capital gains tax of \$ 273 (Exhibit of Capital Gains (Losses))	(12,854)	45,737
11. Net investment gain (loss) (Lines 9 + 10)	665,957	596,276
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		(1,093)
15. Total other income (Lines 12 through 14)		(1,093)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	612,321	403,372
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	612,321	403,372
19. Federal and foreign income taxes incurred	146,160	100,389
20. Net income (Line 18 minus Line 19) (to Line 22)	466,162	302,983
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	20,328,995	20,033,654
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	466,162	302,983
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(3,475)	(7,642)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	462,687	295,341
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	20,791,682	20,328,995

DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401. Interest income (expense)		(1,093)
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)		(1,093)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)		

CASH FLOW		
Cash from Operations		
	1	2
	Current Year	Prior Year
1. Premiums collected net of reinsurance		
2. Net investment income	920,115	757,959
3. Miscellaneous income		(1,093)
4. Total (Lines 1 through 3)	920,115	756,866
5. Benefit and loss related payments		
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	49,444	161,633
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	47,927	149,144
10. Total (Lines 5 through 9)	97,371	310,777
11. Net cash from operations (Line 4 minus Line 10)	822,743	446,089
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,523,413	8,239,181
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	3,523,413	8,239,181
13. Cost of investments acquired (long-term only):		
13.1 Bonds	4,218,290	11,011,507
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		48,714
13.7 Total investments acquired (Lines 13.1 to 13.6)	4,218,290	11,060,221
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(694,877)	(2,821,040)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(271,217)	420,692
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(271,217)	420,692
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(143,350)	(1,954,259)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	245,027	2,199,286
19.2 End of year (Line 18 plus Line 19.1)	101,677	245,027

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

NONE Underwriting and Investment Exhibit - Part 1

NONE Underwriting and Investment Exhibit - Part 1A

NONE Underwriting and Investment Exhibit - Part 1B

NONE Underwriting and Investment Exhibit - Part 2

NONE Underwriting and Investment Exhibit - Part 2A

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct				
1.2 Reinsurance assumed				
1.3 Reinsurance ceded				
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent				
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent				
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries		18,322	2,498	20,820
8.2 Payroll taxes		1,369	187	1,556
9. Employee relations and welfare		6,573	896	7,469
10. Insurance		418	57	475
11. Directors' fees				
12. Travel and travel items				
13. Rent and rent items		876	119	995
14. Equipment		2,104	286	2,390
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery		1,111	152	1,263
17. Postage, telephone and telegraph, exchange and express		931	89	1,020
18. Legal and auditing		6,064	767	6,831
19. Totals (Lines 3 to 18)		37,768	5,051	42,819
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees		15,868	2,121	17,989
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		15,868	2,121	17,989
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses			62,803	62,803
25. Total expenses incurred		53,636	69,975 (a)	123,611
26. Less unpaid expenses-current year		31,492		31,492
27. Add unpaid expenses-prior year		27,301		27,301
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		49,445	69,975	119,420

DETAILS OF WRITE-INS				
2401. Investment Expenses			62,803	62,803
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			62,803	62,803

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 48,975	48,702
1.1 Bonds exempt from U.S. tax	(a) 202,681	227,228
1.2 Other bonds (unaffiliated)	(a) 480,238	465,020
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 7,872	7,837
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	739,766	748,787
11. Investment expenses		(g) 69,976
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		69,976
17. Net investment income (Line 10 minus Line 16)		678,811
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)		
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		
(a) Includes \$ 4,275 accrual of discount less \$ (254,599) amortization of premium and less \$ 17,649 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 69,976 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 capital losses and \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax	(2,098)			(2,098)
1.2 Other bonds (unaffiliated)	(10,482)			(10,482)
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	(12,580)			(12,580)
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset			
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)			
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)			

NONE

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Castle Hill Insurance Company ("the Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Insurance Department. The State of Rhode Island requires insurance companies domiciled in the state to prepare their statutory financial statements in conformity with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by the daily pro rata method for direct business. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as agent commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized value using the interest method. Non-investment grade short-term investments are stated at the lower of amortized cost or fair market value.
2. Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade bonds are stated at the lower of amortized value or fair market value.
3. Common stocks, other than investments in stocks of subsidiary, are stated at fair market value.
4. Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair market value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair market value.
5. Not applicable
6. Loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair market value.
7. Not applicable.
8. Not applicable.
9. Not applicable.
10. The Company has not commenced insurance operations.
11. The Company has not commenced insurance operations.

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

Not applicable

B. Accounting Changes as a Result of Codification

Not applicable.

3. Business Combinations and Goodwill

There were no business combinations.

4. Discontinued Operations

Not applicable

5. Investments

(A, B, C) Not applicable

D. Loan-Backed Securities

1. Not applicable

2. Prepayment assumptions for single class and multi-class mortgage-backed / asset-backed securities were obtained from broker dealer survey values or internal estimates.

3. Not applicable

E. Repurchase Agreements

Not applicable

F. Real Estate

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investment in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

A. Due and accrued income is excluded from surplus when amounts are over 90 days past due.

B. Amounts excluded

None

8. Derivative Instruments

NOTES TO FINANCIAL STATEMENTS

The Company has no derivative financial instruments.

9. Income Taxes

The Company was organized in October 2003 as a Chapter "C" entity. For tax purposes, the Company anticipates filing a Federal Form 1120PC. The Company had only investment income since its organization.

A. Components of Net Deferred Tax Assets and Deferred Tax Liabilities

	Dec. 31, 2005	Dec. 31, 2004
Total of gross deferred tax assets	\$0	\$0
Total of deferred tax liabilities	\$11,117	\$7,642
Deferred tax asset nonadmitted	\$0	\$0
Net admitted deferred tax asset	\$0	\$0
(Increase) decrease in nonadmitted asset	\$0	\$0

B. Not applicable.

C. Current Tax and Change in Deferred Tax

The provisions for income taxes incurred on earnings for the years ending December 31 are:

	2005	2004
Federal income tax expense	\$141,160	\$95,245
Federal income tax on net capital gains	\$0	\$0
Utilization of capital loss carry-forwards	\$0	\$0
Federal and foreign income taxes incurred	\$141,160	\$95,245

The main components of the 2005 deferred tax amounts are as follows:

	Dec. 31, 2005	Dec. 31, 2004
Deferred tax assets:		
Discounting of unpaid losses	\$0	\$0
Change in unearned premium reserve	\$0	\$0
Deferred compensation	\$0	\$0
Unrealized capital losses	\$0	\$0
Net capital loss carryforward	\$0	\$0
Other	\$0	\$0
Total deferred tax assets	\$0	\$0
Nonadmitted deferred tax assets	\$0	\$0
Admitted deferred tax assets	\$0	\$0
Deferred tax liabilities:		
Depreciation	\$0	\$0
Unrealized capital gains	\$11,117	\$7,642
Other	\$0	\$0
Total deferred tax liabilities	\$11,117	\$7,642
Net admitted deferred tax asset	\$0	\$0

NOTES TO FINANCIAL STATEMENTS

The changes in main components of DTA's and DTL's are as follows:

	Dec. 31, 2005	Dec. 31, 2004	Change
Total deferred tax assets	\$0	\$0	\$0
Total deferred tax liabilities	\$11,117	\$7,642	\$3,475
Net deferred tax asset (liability)	(\$11,117)	(\$7,642)	(\$3,475)
Tax effect of unrealized gains (losses)			\$0
Change in net deferred income tax			(\$3,475)

D. The provision for federal taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Dec. 31, 2005	Effective Tax Rate
Provision computed at statutory rate	\$208,282	34.00%
Tax exempt income deduction	(\$65,669)	-10.72%
Dividends received deduction	\$0	0.00%
Tax differentials on foreign earnings	\$0	0.00%
Bond discount	(\$3,475)	-1.81%
Other	(\$1,454)	0.24%
Total	\$137,684	21.71%
Federal and foreign income taxes incurred	\$141,160	39.11%
Change in net deferred income taxes	(\$3,475)	-0.96%
Total statutory income taxes	\$137,685	38.14%

E. The Company does not have any Federal tax carryforwards available for tax purposes nor has it had any federal taxes incurred in previous years that are available for recoupment in the event of future net losses.

F. The Company does not file a consolidated Federal tax return with its parent corporation. Castle Hill is subject to all state and Federal taxation applicable to Rhode Island insurance companies writing workers' compensation and employers' liability insurance and shall be solely responsible for the filing of all tax returns and the payment of all such taxes.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

The Company is a private corporation organized as a domestic stock insurance company under Articles of Incorporation approved by the Rhode Island Department of Business Regulation and filed with the Rhode Island Secretary of State on October 17, 2003. In accordance with the Articles of Incorporation, the Company is authorized to write workers' compensation and employers' liability insurance in the State of Rhode Island. All of the Company's issued and outstanding stock is owned by its parent, The Beacon Mutual Insurance Company of Warwick, Rhode Island (NAIC # 24017).

B. Detail of Transactions Greater than ½% of Admitted Assets

Pursuant to the Company's creation and organization, The Beacon Mutual Insurance Company purchased 100% of the outstanding stock on November 5, 2003 for \$1,000

NOTES TO FINANCIAL STATEMENTS

per share, for a total initial investment of \$20,000,000. The Beacon Mutual Insurance Company owns five thousand (5,000) shares of Common Stock and fifteen thousand (15,000) shares of Preferred Stock, which is 100% of the Company's authorized, issued, and outstanding.

C. Change in Terms of Intercompany Arrangements

See the response to 10(F) below regarding the intercompany agreements. The Company, upon its organization in 2003, entered into two agreements with related parties with its parent described in that section. There were no changes in the terms in 2005.

D. Amounts Due to or from Related Parties

The Company reported \$163,174 at December 31, 2005 and \$434,291 at December 31, 2004, respectively, due to its parent under the terms of its intercompany agreement.

E. Guarantees Or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The Company has entered into an intercompany management and service agreement with its parent, The Beacon Mutual Insurance Company, effective October 22, 2003. Under this agreement, Beacon will provide underwriting, claims, accounting and support services for the Company, as well as allow the use of Beacon equipment and facilities. Castle Hill will reimburse Beacon for all direct and directly allocable expenses of Castle Hill, plus a reasonable charge for overhead. The basis for calculating these charges will utilize methods, including time records where appropriate, designed to fairly and accurately allocate costs incurred by Beacon and Castle Hill, respectively.

G. Nature of Relationships that Could Affect Operations

The Company is owned 100% by The Beacon Mutual Insurance Company of Warwick, Rhode Island. The Company has an Intercompany agreement under which its Parent provides significant insurance operations services on its behalf.

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in SCA entity Greater than 10% of Admitted Assets

Not applicable

J. Writedown or Impairments of Investments in SCA Entities

Not applicable

11. Debt

The Company has no capital notes and no outstanding debt at December 31, 2005.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. The Company has no defined benefit plans.

B. The Company has no employees. Therefore the Company has no Defined Contribution Plans. The Company has entered into an

NOTES TO FINANCIAL STATEMENTS

Intercompany agreement with its Parent to provide underwriting, claims and support services for the company. All direct expenses will be charged to the Company under this agreement, including employee wages and benefits.

The Company’s charge for pension expense under this intercompany agreement was \$3,577 for 2005 and \$17,010 for 2004.

C. Multi-employer Plan

Not applicable

D. Consolidated/Holding Company Plans

Not applicable

E. Postemployment Benefits and Compensated Absences

Not applicable. See the answer to 12 (B) above.

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

(1). Authorized and Outstanding Shares

Castle Hill Insurance Company has five thousand (5,000) shares of Common Stock and fifteen thousand (15,000) shares of Preferred Stock, which is 100% of the authorized, issued and outstanding shares as of December 31, 2005. Each share has a par value of \$1,000.

(2). Dividend Rate of Preferred Stock

If, when, and as declared by the Board of Directors in its discretion (see restrictions below), cumulative dividends at the rate of not less than four percent (4%) nor more than six percent (6%) per share per annum and no more shall be paid.

(3). Dividend Restrictions

The Company is required to satisfy the legal minimum capital requirements of its domiciliary state - Rhode Island. Under the terms of its organization, The Company may not declare a dividend without the prior written approval of the Director of the Rhode Island Department of Business Administration.

(4). Not applicable.

(5). The Company cannot exceed a net premium to surplus ratio of 1:1 without the prior written approval of the Director of the Rhode Island Department of Business Administration.

(6). Mutual Surplus Advances

Not applicable

(7). Company Stock Held for Special Purposes

Not applicable

(8). Changes in Special Surplus Funds

Not applicable

(9). Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by each

NOTES TO FINANCIAL STATEMENTS

item below is as follows:

a. Unrealized gains or losses	\$	0
b. Non-admitted asset values		0
c. Separate account business		0
d. Asset valuation reserves		0
e. Provision for reinsurance		0
Total		0

(10). Surplus Notes

Not applicable

(11). The impact of any restatement due to prior quasi-reorganizations

Not applicable

(12). The effective date(s) of all quasi-reorganizations in the prior 10 years

Not applicable

14. Contingencies:

(A, B, C) Not applicable

D. All Other Contingencies

The Company is not aware of any contingencies.

15. Leases

A. Lessee Operating Lease

- (1) Under the Intercompany agreement described in Note 10(f) above, Beacon will provide underwriting, claims, accounting and support services for the Company, as well as allow the use of Beacon equipment and facilities. Castle Hill will reimburse Beacon for all direct and directly allocable expenses of Castle Hill, plus a reasonable charge for overhead. The basis for calculating these charges will utilize methods, including time records where appropriate, designed to fairly and accurately allocate costs incurred by Beacon and Castle Hill, respectively.

These costs will include a reasonable charge for the use of leased computer hardware and office equipment. Rental expense for 2005 and 2004 was \$995 and \$2,877, respectively.

- (2). Not Applicable

- (3). The Company is not involved in any sales - leaseback arrangements.

B. Lessor Leasing Arrangements

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company does not have any financial instruments with off-balance sheet risk or concentrations of credit risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of

NOTES TO FINANCIAL STATEMENTS

Liabilities

(A, B, C) Not applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company does not write Accident & Health business

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not utilize managing general agents or third party administrators to write business.

20. September 11 Events

None

21. Other Items

A. Extraordinary Items

Not applicable

B. Trouble Debt Restructuring for Debtors

Not applicable

C. Other disclosures

No securities other than those indicated in Schedule E Part 2 have been pledged as collateral.

D. Uncollectible Premiums Receivable

The Company has not yet started insurance operations. At December 31, 2005 the Company had admitted assets of \$0 in premiums receivable due from policyholders, agents and ceding insurers.

E. Business Interruption Insurance Recoveries

There were no events that resulted in business interruption recoveries in 2005.

22. Events Subsequent

There were no events occurring subsequent to December 31, 2005 which merit disclosure.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has not yet commenced insurance operations.

B. Reinsurance Recoverables in Dispute

The Company has no reinsurance recoverable balances in dispute at

NOTES TO FINANCIAL STATEMENTS

December 31, 2005.

C. Reinsurance Assumed and Ceded

Direct Unearned Premium Reserve at December 31, 2005 is \$0.
The Company has no contingent commission receivable at December 31, 2005.

D. Uncollectable Reinsurance

None

E. Commutation of Ceded Reinsurance

None

F. Retroactive Reinsurance

None

G. Reinsurance Accounted For as a Deposit

None

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Changes in Incurred Losses and Loss Adjustment Expenses

There are no reserve changes from prior years.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

A. Reserves Released due to Purchase of Annuities

The Company has not purchased annuities for which the Company is contingently liable.

B. Annuity Insurers with Balances due Greater than 1% of Policyholder's Surplus

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Policies

Not applicable

30. Premium Deficiency Reserve

The Company has not commenced insurance operations.

NOTES TO FINANCIAL STATEMENTS

31. High Deductibles

Not applicable

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

The Company does not discount unpaid losses and unpaid loss adjustment expenses.

33. Asbestos/Environmental Reserves

The Company does not write asbestos or environmental business.

34. Subscriber Savings Accounts

Not applicable

35. Multi-Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	1,044,383	5.014	1,044,383	5.014
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	251,780	1.209	251,780	1.209
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	7,840,821	37.644	7,840,821	37.644
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	157,548	0.756	157,548	0.756
1.512 Issued or guaranteed by FNMA and FHLMC	3,726,681	17.892	3,726,681	17.892
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	1,198,609	5.755	1,198,609	5.755
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	990,809	4.757	990,809	4.757
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	5,516,328	26.484	5,516,328	26.484
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	101,677	0.488	101,677	0.488
9. Other invested assets				
10. Total invested assets	20,828,636	100.000	20,828,636	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3

State Regulating?

Rhode Island

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

11/24/2003

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/04/2003

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/17/2004

3.4

By what department or departments? Department of Business Regulation, Rhode Island

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒

6.2

If yes, give full information

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP
600 Fleet Center, 50 Kennedy Plaza, Providence, RI 02903

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Opinion waived by State of Rhode Island

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

Yes [] No [X]

\$

11.2 If yes, provide explanation

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

12.3 Have there been any changes made to any of the trust indentures during the year?

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [X] No []

Yes [] No [X]

Yes [] No [] N/A [X]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the duties of such person?

Yes [X] No []

Yes [X] No []

No [X]

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

Yes [] No [X]

Yes [] No [X]

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 18.22

Amount paid as expenses

\$
- 18.23

Other amounts paid

\$
- 19.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes []

No [X]
- 19.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

- 20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [X]

No []
- 20.2

If no, give full and complete information, relating thereto
- 21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes []

No [X]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$

21.22

Subject to repurchase agreements

\$

21.23

Subject to reverse repurchase agreements

\$

21.24

Subject to dollar repurchase agreements

\$

21.25

Subject to reverse dollar repurchase agreements

\$

21.26

Pledged as collateral

\$

21.27

Placed under option agreements

\$

21.28

Letter stock or securities restricted as to sale

\$

21.29

Other

\$

- 21.3

For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

- 22.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes []

No [X]
- 22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes []

No []

N/A [X]

If no, attach a description with this statement.

- 23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes []

No [X]
- 23.2

If yes, state the amount thereof at December 31 of the current year.

\$

24.

Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

- 24.01

For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
BANK OF AMERICA	100 Westminster St, Providence, RI 02903
INVESTORS BANK & TRUST	200 Clarendon St, ABO-113, Boston, MA 02117

- 24.02

For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

- 24.03

Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes []

No [X]
- 24.04

If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
	NEW ENGLAND ASSET MANAGEMENT	76 Batterson Park Road, Farmington, CT 06032

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999 Total		

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	20,826,694	20,515,728	(310,966)
26.2 Preferred stocks			
26.3 Totals	20,826,694	20,515,728	(310,966)

26.4 Describe the sources or methods utilized in determining the fair values: NAIC Valuation of Securities CD-rom, Investment Custodians
.....
.....

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securittes Valuation Office been followed? Yes [X] No []

27.2 If no, list exceptions:
.....
.....

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ _____

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$ _____
	\$ _____
	\$ _____

29.1 Amount of payments for legal expenses, if any? \$ _____ 3,569

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
PARTRIDGE, SNOW & HAHN, LLP	\$ 3,569
	\$ _____
	\$ _____

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$
- 30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

YES [] NO [X]

1.2

If yes, indicate premium earned on U. S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

\$

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

\$

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

\$

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

\$

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$

\$

2.2

Premium Denominator

\$

\$

2.3

Premium Ratio (2.1/2.2)

2.4

Reserve Numerator

\$

\$

2.5

Reserve Denominator

\$

\$

2.6

Reserve Ratio (2.4/2.5)

3.1

Does the reporting entity issue both participating and non-participating policies?

YES [] NO [X]

3.2

If yes, state the amount of calendar year premiums written on:

3.21

Participating policies

\$

3.22

Non-participating policies

\$

4.

For Mutual Reporting Entities and Reciprocal Exchange only:

4.1

Does the reporting entity issue assessable policies?

YES [] NO [X]

4.2

Does the reporting entity issue non-assessable policies?

YES [] NO [X]

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

%

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

\$

For Reciprocal Exchanges Only:

5.1

Does the exchange appoint local agents?

YES [] NO [X]

5.2

If yes, is the commission paid:

5.21

Out of Attorney's-in-fact compensation

YES [] NO [] N/A [X]

5.22

As a direct expense of the exchange

YES [] NO [] N/A [X]

5.3

What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4

Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

YES [] NO [X]

5.5

If yes, give full information

17

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

6.1

What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: Not Applicable. Castle Hill has not yet commenced insurance operations.

6.2

Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: Not Applicable
Castle Hill is a monoline workers' compensation carrier and has not yet commenced insurance operations.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
Castle Hill does not write property insurance.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

YES [] NO [X]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss Castle Hill has not yet commenced insurance operations.

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

YES [] NO [X]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

YES [] NO [X]

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

YES [] NO [X]

8.2

If yes, give full information

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

YES [] NO [X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates.

YES [] NO [X]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatroy 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

YES [] NO [X]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

YES [] NO [] N/A [X]

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force:

YES [] NO [X]

11.2

If yes, give full information

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11

Unpaid losses

\$

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$

12.2

Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?

\$

12.3

If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?

YES [] NO [] N/A [X]

12.4

If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41

From

%

12.42

To

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

YES [] NO [X]

12.6

If yes, state the amount thereof at December 31 of current year:

12.61

Letters of Credit

\$

12.62

Collateral and other funds

\$

13.1

What amount of installment notes is owned and now held by the reporting entity?

\$

13.2

Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

YES [] NO [X]

13.3

If yes, what amount?

\$

14.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

14.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

YES [] NO [X]

14.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

15.1

Is the company a cedant in a multiple cedant reinsurance contract?

YES [] NO [X]

15.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

15.3

If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

YES [] NO [X]

15.4

If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements?

YES [] NO [X]

15.5

If the answer to 15.4 is no, please explain:

16.1

Has the reporting entity guaranteed any financed premium accounts?

YES [] NO [X]

16.2

If yes, give full information

17.1

Does the reporting entity write any warranty business?

YES [] NO [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$	\$	\$	\$	\$
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

GENERAL INTERROGATORIES

(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5.

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.12 Unfunded portion of Interrogatory 18.11

18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11

18.14 Case reserves portion of Interrogatory 18.11

18.15 Incurred but not reported portion of Interrogatory 18.11

18.16 Unearned premium portion of Interrogatory 18.11

18.17 Contingent commission portion of Interrogatory 18.11

YES [] NO [X]

\$

\$

\$

\$

\$

\$

\$

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

18.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5

18.19 Unfunded portion of Interrogatory 18.18

18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18

18.21 Case reserves portion of Interrogatory 18.18

18.22 Incurred but not reported portion of Interrogatory 18.18

18.23 Unearned premium portion of Interrogatory 18.18

18.24 Contingent commission portion of Interrogatory 18.18

\$

\$

\$

\$

\$

\$

\$

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2005	2 2004	3 2003	4 2002	5 2001
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
6. Total (Line 34)					
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
12. Total (Line 34)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(53,636)	(191,811)	(2,015)		
14. Net investment gain (loss) (Line 11)	665,957	596,276	35,669		
15. Total other income (Line 15)		(1,093)			
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	146,160	100,389			
18. Net income (Line 20)	466,161	302,983	33,654		
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	21,047,216	20,798,329	20,096,067		
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)					
20.2 Deferred and not yet due (Line 13.2)					
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	255,534	469,334	62,413		
22. Losses (Page 3, Lines 1 and 2)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	20,000,000	20,000,000	20,000,000		
26. Surplus as regards policyholders (Page 3, Line 35)	20,791,682	20,328,995	20,033,654		
Risk-Based Capital Analysis					
27. Total adjusted capital	20,791,682	20,328,995	20,033,654		
28. Authorized control level risk-based capital	72,660	70,702	53,945		
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	99.5	98.8	89.0		
30. Stocks (Lines 2.1 & 2.2)					
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	0.5	1.2	11.0		
34. Contract loans (Line 6)				XXX	XXX
35. Other invested assets (Line 7)					
36. Receivables for securities (Line 8)					
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)					
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	462,687	295,341	20,033,654		
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)					
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)					
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)					
64. Loss expenses incurred (Line 3)					
65. Other underwriting expenses incurred (Line 4)					
66. Net underwriting gain (loss) (Line 8)					
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)					
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)					
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)					
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)					
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)					
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)					

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	1,453,710	1,407,987	1,485,561	1,407,749
	2. Canada				
	3. Other Countries				
	4. Totals	1,453,710	1,407,987	1,485,561	1,407,749
States, Territories and Possessions (Direct and guaranteed)	5. United States	7,840,821	7,804,208	8,042,914	7,275,000
	6. Canada				
	7. Other Countries				
	8. Totals	7,840,821	7,804,208	8,042,914	7,275,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	4,925,290	4,840,146	4,950,755	4,901,691
	14. Canada				
	15. Other Countries				
	16. Totals	4,925,290	4,840,146	4,950,755	4,901,691
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	6,507,136	6,363,654	6,676,173	6,375,000
	22. Canada				
	23. Other Countries				
	24. Totals	6,507,136	6,363,654	6,676,173	6,375,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	20,726,957	20,415,995	21,155,403	19,959,440
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	20,726,957	20,415,995	21,155,403	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	20,294,983	7. Amortization of premium	254,599
2. Cost of bonds and stocks acquired, Column 7, Part 3	4,218,291	8. Foreign Exchange Adjustment:	
3. Accrual of discount	4,278	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	20,726,957
4.4 Column 11 - 13, Part 4		10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	(12,581)	11. Subtotal (Lines 9 plus 10)	20,726,957
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	3,523,415	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	20,726,957

NONE Schedule P - Part 1 - Summary

NONE Schedule P - Part 2, 3, 4 - Summary

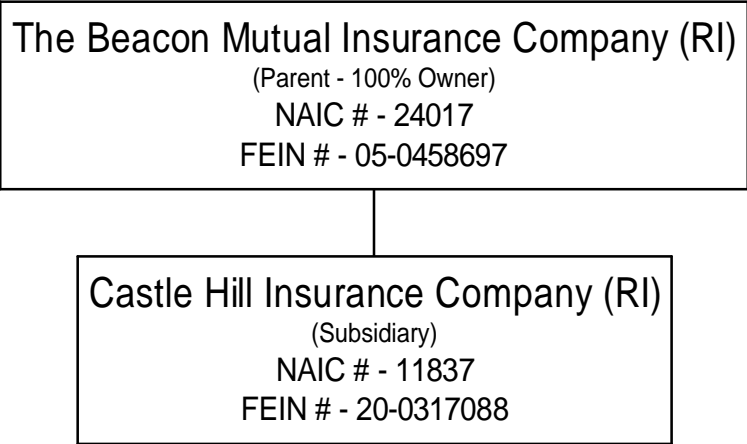
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Is Insurer Licensed? (Yes or No)	2	3	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
States, Etc.			Direct Premiums Written	Direct Premiums Earned						
1. Alabama	AL	NO								
2. Alaska	AK	NO								
3. Arizona	AZ	NO								
4. Arkansas	AR	NO								
5. California	CA	NO								
6. Colorado	CO	NO								
7. Connecticut	CT	NO								
8. Delaware	DE	NO								
9. Dist. Columbia	DC	NO								
10. Florida	FL	NO								
11. Georgia	GA	NO								
12. Hawaii	HI	NO								
13. Idaho	ID	NO								
14. Illinois	IL	NO								
15. Indiana	IN	NO								
16. Iowa	IA	NO								
17. Kansas	KS	NO								
18. Kentucky	KY	NO								
19. Louisiana	LA	NO								
20. Maine	ME	NO								
21. Maryland	MD	NO								
22. Massachusetts	MA	NO								
23. Michigan	MI	NO								
24. Minnesota	MN	NO								
25. Mississippi	MS	NO								
26. Missouri	MO	NO								
27. Montana	MT	NO								
28. Nebraska	NE	NO								
29. Nevada	NV	NO								
30. New Hampshire	NH	NO								
31. New Jersey	NJ	NO								
32. New Mexico	NM	NO								
33. New York	NY	NO								
34. No. Carolina	NC	NO								
35. No. Dakota	ND	NO								
36. Ohio	OH	NO								
37. Oklahoma	OK	NO								
38. Oregon	OR	NO								
39. Pennsylvania	PA	NO								
40. Rhode Island	RI	YES								
41. So. Carolina	SC	NO								
42. So. Dakota	SD	NO								
43. Tennessee	TN	NO								
44. Texas	TX	NO								
45. Utah	UT	NO								
46. Vermont	VT	NO								
47. Virginia	VA	NO								
48. Washington	WA	NO								
49. West Virginia	WV	NO								
50. Wisconsin	WI	NO								
51. Wyoming	WY	NO								
52. American Samoa	AS	NO								
53. Guam	GU	NO								
54. Puerto Rico	PR	NO								
55. U.S. Virgin Islands	VI	NO								
56. Canada	CN	NO								
57. Aggregate other alien	OT	X X X								
58. Totals	(a)	1								

DETAILS OF WRITE-INS									
5701.	X X X								
5702.	X X X								
5703.	X X X								
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X								
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	X X X								

Explanation of basis of allocation of premiums by states, etc.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS